

Annual Governance Statement



Introduction and Acknowledgement of Responsibility

Dorset County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Accounts and Audit Regulations (2015) require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

March 2019

1. The Principles of Good Governance

The CIPFA/SOLACE Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector. The document sets out seven core principles that underpin the governance framework and these are set out in the table below:



2. Key Elements of the Council’s Governance Framework

The governance framework at Dorset County Council comprises the systems and processes, culture and values which the Council has adopted to deliver on the above principles.

The governance framework incorporated into this AGS has been in place for the year ended 31 March 2019 and up to the date of the approval for the statement of accounts.

Overview of the Councils Governance framework

| | |
|---|---|
| <p style="text-align: center;">Council, Cabinet and Leader</p> <p>Provide leadership, approve the budget, develop and set policy</p> <p>Approve the constitution which sets out how the council operates</p> <p>Agree Council Plan priorities, developed in consultation with residents and stakeholders</p> | <p style="text-align: center;">Decision making</p> <p>All decisions made in compliance with law and council constitution</p> <p>All committee meetings are held in public, other than for exempt business</p> <p>Decisions are recorded on the council website</p> |
| <p style="text-align: center;">Scrutiny and review</p> <p>Overview & Scrutiny committees review council policy and can challenge decisions. The Audit & Governance Committee reviews governance and promotes and maintains high standards of conduct by councillors</p> | <p style="text-align: center;">Risk Management</p> <p>A risk management policy and strategy set out a clear approach to management of risks</p> <p>Risk registers identify strategic, operational and project risks</p> |



Corporate Leadership Team

Head of Paid Service is the Chief Executive and is responsible for all council staff and leading an effective county organisation

The Chief Financial Officer is the council's Section 151 officer and is responsible for safeguarding the council's financial position and ensuring value for money

The Head of Organisational Development is the council's monitoring officer who is responsible for ensuring legality and promoting high standards of conduct in public life

With Dorset County Council will cease from 1 April 2019 and its functions transfer to the new Dorset Council. The Corporate Leadership Team in this period of change currently comprises of Chief Executive, Director for Children's Services (Dorset Councils' Executive covering role), Interim Director for Adults, Transformation lead for Adult and Community Services, Service Director for Organisational Design and acting Chief Financial Officer. With most members of the team new in role, temporary, or short-term appointments there are additional risks being held and managed across the whole team, alongside LGR related activities and Brexit preparedness.

The council's constitution is updated throughout the year and sets out how the council operates. It states what matters are reserved for decision by the whole council, the responsibilities of the cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels, committees and partners.



Decision-making powers not reserved for councillors are delegated to chief officers and heads of service. The Audit and Governance committee, Overview and Scrutiny committees and its sub-committees scrutinise decisions made by the Cabinet, and those delegated to officers, and review services provided by the council and its partners. The council's overall policy is represented through the outcomes framework and corporate plan, which is developed alongside the budget through consultation with residents and other stakeholders in the county, and which sets out how the vision will be delivered. Performance against the corporate plan is monitored throughout the year. Progress is reviewed quarterly by members and is reported through an annual performance report at the end of each financial year. The council also monitors its performance through feedback from its residents and service users.



The performance management process helps to identify learning and development needs, which are translated into personal development review plans for staff. Members are also offered development opportunities, in line with their own personal development plans. The council provides a complete programme of learning and development to officers and members. Senior officers are also expected to keep abreast of developments in their profession.

Our behaviours



The council has a whistleblowing policy, which encourages staff and other concerned parties to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment.

The council expects the highest standards of conduct and personal behaviour from members and staff; and promotes and maintains high standards of conduct by both elected and co-opted members of the authority.

These standards are defined and communicated through codes of conduct, protocols and other documents.

The council's financial management arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government" (2010) as set out in the "Application Note to Delivering Good Governance in Local Government: Framework". The Chief Financial Officer has statutory responsibility for the proper management of the council's finances and is a key member of the county leadership team.



The council's assurance arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Head of Internal Audit in Public Service Organisations" (2010). The council's Risk Management Policy and Strategy ensures proper management of the risks to the achievement of the council's priorities and helps decision making.

When risks are identified, an agreement takes place on how they will be managed and mitigated and keep the council's risk profile under review and satisfied that management's systems include appropriate controls, and that it has adequate sources of assurance.



The council recognises the importance for risk management / internal control for the determination of the extent of the risks it is willing to take to achieve its objectives, priorities and outcomes to ensure that an appropriate culture has been embedded. It is also acknowledged that with such systems in place it will not eliminate all risks, but having systems, mitigations and controls will help to provide a robust process that considers any such risks.

The council has appropriate arrangements in place to deal with fraud and corruption risks and is committed to maintaining its vigilance to tackle fraud. Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The council's legal services and procurement teams ensure that all are fit for purpose and the council's interests are protected.

3. **Review of Effectiveness**

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The system of internal control is a significant part of the framework and is designed to ensure risks are managed within the council's appetite. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

Effectiveness is maintained by the work of the senior managers within the council who have responsibility for the development and maintenance of the governance environment. The effectiveness of the framework is monitored and assured through routine performance monitoring and by internal and external audit and other review agencies and inspectorates. The key elements of the review of effectiveness are:

- The council's internal management processes, such as performance monitoring and reporting; the staff performance appraisal framework; internal surveys of awareness of corporate policies; monitoring of policies, such as the corporate complaints and health and safety policies; and the corporate budget challenge process
- The Local Code of Corporate Governance Self Assessment, confirming that the Code of Conduct, Financial Regulations and other corporate governance processes have operated as intended within services throughout the year
- Corporate, Services and Project Risk Registers which identify significant exposures together with action plans intended to bring the level of risk down to an acceptable level.
- The work of the audit and governance committee which includes responsibility for monitoring the development and operation of corporate governance in the council
- Quarterly Audit Improvement monitoring reports, Annual Internal Audit Reports and External Audit (ISA260)

4. **Assurance Statement**

Having reviewed the council arrangements the work, as detailed above, provides good overall assurance of the council's system of internal control and that the arrangements are fit for purpose in accordance with the governance framework.

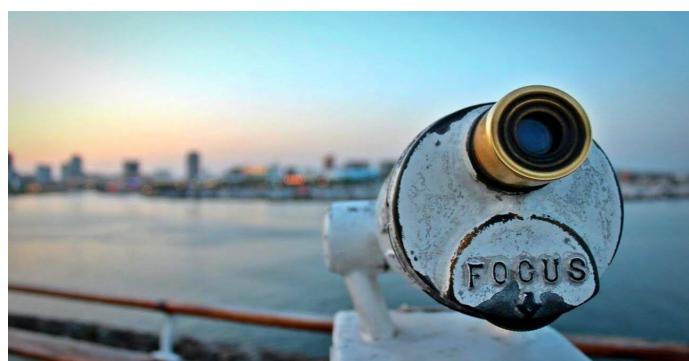
$$\text{Effectiveness} = \frac{\text{Achieved}}{\text{Desired}}$$

5. Issues, actions and improvements undertaken since previous Annual Governance Statement

| Identified Issue | Action / Improvement | Met |
|--|---|------|
| Progress the diversity and inclusion action plan | Cabinet approved a new Dorset Equality Scheme in 2018-19 on 23 May 2018 | ☀️ |
| Centralise communication consultation and engagement functions | New centralised communication team established, within the business improvement service | ☀️ |
| Review of the council operating model | This work was not carried out, due to Local Government Reorganisation | ☁️ |
| Better alignment of finances with outcomes framework and centralisation of data, intelligence and performing functions | A centralised intelligence, insight and performance function was established. Value for money continues to be an area for focus and is again recognised in our improvement plan | ☀️☁️ |
| Improve frequency and effectiveness of our people and well-being corporate working group | This corporate working group was disbanded, pending review under governance arrangements for Dorset Council | ☁️ |
| General Data Protection regulations compliance | Improvement action plan completed and signed off by the Risk and Assurance Group | ☀️ |

6. How can we improve?

Specific opportunities for improvement in governance and internal controls identified as part of the assurance processes have been addressed or are included in action plans for the relevant managers.



Focus will be placed on the following issues during 2019-20 as we transition into the new Dorset Council.

1. Ensuring that any significant risks identified by Dorset County Council are recognised and responded to by new Dorset Council.
2. We wish to be better at aligning our finances without outcomes framework. Value for money continues to be an area of focus.

7. Approval of the Annual Governance Statement 2018-19

The council is satisfied that this statement provides a substantial level of assurance that good governance is in place in Dorset County Council and that appropriate arrangements are in place to address improvements in our review of compliance.

Progress on these improvements and on addressing any mitigating the risks will be monitored through the year by senior officers and elected members of the new Dorset Council.



Signed:

Mike Harries
Chief Executive, Dorset County Council

The Annual Governance Statement was informed by:

- Appendix 1 – The Local Code of Corporate Governance
- Appendix 2 – High Corporate Risks

